

CANADIAN SOCIAL SCIENCE
Vol. 6, No. 2, 2010, pp. 53-60

ISSN 1712-8056
www.cscanada.net
www.cscanada.org

The Coordinative Development Strategies of the World Economy: World Competitiveness Ranking under Economic Globalization

LES STRATÉGIES DE DÉVELOPPEMENT COOPÉRATIF DE L'ÉCONOMIE MONDIALE:

LE CLASSEMENT DE LA COMPÉTITIVITÉ MONDIALE DANS LA MONDIALISATION ÉCONOMIQUE

LEI Min¹

Abstract: This paper is designed to study the coordinative development strategies of the world economy based on the world competitiveness ranking of the five giants in five continents: China in Asia, Russia in Europe, South Africa in Africa, The USA in America and Australia in Oceania (HAI Ping, YUN Ping, JING Tao, 1999), both in macro and micro comparison and analysis.

Key words: coordinative development; strategies; world competitive ranking

Résumé: Ce document est conçu pour étudier les stratégies de développement coopératif de l'économie mondiale basées sur le classement de compétitivité mondiale de cinq pays géants dans les cinq continents: la Chine en Asie, la Russie en Europe, l'Afrique du Sud en Afrique, les Etats-Unis en Amérique et l'Australie en Océanie, tout en faisant des macro et micro comparaisons et analyses.

Mots-clés: stratégies de développement; cooperative; classement de la compétitivité mondiale

1. INTRODUCTION

The World economy development underwent two important periods: one is the uniform capitalist world economy (from the end of 19C to the victory of the October Revolution), the other is the period of the coexistences of socialist and capitalist economic system (from the victory of the October Revolution to now). Since the Second World War, the economic globalization speeds up dramatically. Thanks to the

¹ School of Foreign Languages, Wuhan University of Technology, Wuhan 430070, Hubei, China.

* Received 11 December 2009; accepted 16 February, 2010.

ever-growing world economic globalization, various types of national economy are closely linked up, through a variety of economic ties, into an organic whole in which all of them interact, interdependent and inter struggle with each other (WEI Yun-zhe, CAI Guo-dong, 1999).

The strengthening of international economic coordination promotes the development of the world economy after War II. In contemporary world, the close relationship between country and country, call for international economic coordination in terms of production, monopoly interests, dependence and competition.

This paper analyzes the imbalance of world economy based on the world competitiveness ranking; digs out its reason and then puts forward some constructive suggestions for the future coordinative development of the world economy both in a macro and micro view of comparison study, different from another scholars' side point of views.

2. THE COORDINATIVE DEVELOPMENT STRATEGIES OF THE WORLD ECONOMY

2.1..The imbalance of global economy: the World Competitive Ranking 2009-2010

Competitiveness consists in the ability of an economy to maintain a long-term growth and prosperity; global competitiveness index (GCI) is an important reference date help for international comparison, which is applied to judge a country's annual change in competitiveness, as well as is regarded as the key indicators of embodying the national comprehensive strength and the quality of economic growth. GCI, designed by Sala-i-Martin and introduced in World Economy Forum in 2004, conclude 12 pillars (institutions, infrastructure, macroeconomic stability, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market sophistication, technological readiness, market size, business sophistication and innovation) of competitiveness, provided the overview of the different world countries' competitive status in different time.

2.1.1 Analyzing the Competitiveness Rankings (WEF) of the global five giants:

Chart 1: The Competitiveness Rankings of the Global Five Giants 2008 & 2009

country status	Australia	China	Russia	South Africa	USA
Rank 2009	15	29	63	45	2
Rank 2008	18	30	51	45	1

Source: ²

Above Chart witness that USA dropped to the second place attribute to its weakness in financial market and macroeconomic stability under the crash; due to its excellent business environment and innovation, the size of domestic market and export market brings a lot of competitive advantages to China, which makes it climb 1 rank to NO. 30 (in last year), however, there still exists many disadvantages; Russia, dropped by 12 so as to rank 63 in this year; South Africa retains stable; Australia skip 3 place up to rank 15. Only the surface observation does give us some reflections on instability and imbalance of the world economy. Therefore, it is worthy for us to undertake a thought and deep analysis

² The Global Competitiveness Report 2009-2010. World Economy Forum. 28 October, 2009
(<http://gcr.weforum.org/gcr09/>) .

of what and why the imbalance performance and how to adjust and iron out the imbalance and search the way to coordination of the world economy. So that the further study on the detail indicators of each country are extremely necessary.

2.1.2 Analyzing the competitiveness indicators (WEF) of the global five giants in detail

In order to work out the efficient measures to prompt our world developing in harmonious way, the further research of the world competitiveness indicators must be carried out. In the following table 2, 12 given important indicators indicated the detail competitiveness of each country is being showed:

Chart 2: The Global Competitiveness Index 2009-2010

Country rank indicator	Australia	China	Russia	South Africa	USA
Basic requirements	14	36	<u>64</u>	<u>77</u>	28
1.Institutions	12	48	114	45	34
2.Infrastructure	25	46	71	45	8
3.Macroeconomic stability	18	8	36	68	93
4.Health and Primary education	16	45	51	125	36
Efficiency enhancers	9	<u>32</u>	<u>52</u>	<u>39</u>	1
5.Higher education and training	14	61	51	65	7
6.Goods market efficiency	9	42	108	35	12
7.Labor market efficiency	9	32	43	90	3
8.Financial market sophistication	4	81	119	5	20
9.Technological readiness	20	79	74	65	13
10.Market size	19	2	7	24	1
Innovation and sophistication factors	21	29	<u>73</u>	39	1
11.Business sophistication	26	38	95	36	5
12.Innovation	20	26	51	41	1

Source: ³

In chart 2, the domestic economic development imbalance of certain country can be showed by the longitudinal comparison between the given 12 indicators; while the global economic development imbalance can be illustrated by transverse comparison between the global countries in term of concerned

³ The Global Competitiveness Report 2009-2010. World Economy Forum. 28 October, 2009
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indicator.

By the longitudinal comparison, many imbalances in domestic economy are demonstrated as follows:

In Australia, generally speaking, the majority of economic projects performed well, except for those in business sophistication and infrastructure, two items.

In China, among the given indicators, even though, great progress had achieved, it still has some weaknesses and vulnerabilities in certain indicator items especially in terms of higher education and training, technological readiness, and financial market sophistication.

In Russia, its economies are strongly weak in the field of institutions, infrastructure, Goods market efficiency, financial market sophistication, and business sophistication, the obvious imbalances would be heavily called on the government's attention to rejuvenate its economy structure.

In South Africa, it performed less well in the fields of macroeconomic stability, health and primary education, labor market efficiency and technological readiness than in the other spheres, which also speaks the imbalance of domestic economy.

As far as USA, the world regular NO.1 giant, is concerned, even has some disadvantages in terms of macroeconomic stability and higher and primary education, which dropped him to the second place.

By the transverse comparison, many imbalances in global economy are indicated as well.

Showing in above chart 2, the 12 detail indicators can be grouped into three big sub indicators: basic requirements indicators (from 1 to 4), efficiency enhancer (from 5 to 10) and innovation and sophistication factors (from 11 to 12). In terms of the three big indicators, there are also greater imbalances distributed among the global five giants:

At the level of basic requirements, Russia and South Africa lagged far away behind the other three: Russia's backward is attributed to its disadvantages in Institutions and Infrastructure; South Africa is weak both in the field of Macroeconomic stability and that of Health and Primary education; Even the USA has a big disadvantage in Macroeconomic stability.

As far as the Efficiency enhancer is concerned: China has remarkable disadvantages in Financial Market Sophistication, Technological readiness and Higher education and training; Russia is extremely vulnerable in Goods market efficiency and Financial Market Sophistication; South Africa performed less well in Technological readiness, particularly in Labor market efficiency than in other spheres.

When it comes to the Innovation and sophistication factors, Russia is the most uncreative one among the five giants, thanks to its immature in Business sophistication.

2.1.3 Analyzing the root cause of the imbalances both in and out of the country

From above analysis on world economy, we can be informed that not only the obvious imbalances exist in domestic development of any country but it happens to the world country economies also. It beneficial for us to figure out the root cause of the imbalances:

The domestic imbalances lie in various circumstances such as the imbalance distribution of geographic environment and resources, the different economic policies employed by the different local governments, and the inclining economic policies favored certain region and some other historic and national problems.

The global imbalances involves the global development environment not only in geography and resources but also in the fields of politic, economic and human culture, which is, by comparison, the complicated problem, mostly attributed to such parameters as the different social nature and productivity development of different country, the lack of efficient and powerful management in coordination of the international economic organization, the weak sense of global common prosperous, the hegemonism and monopoly etc. all of them are seriously harmful to the global coordinative development.

2.2 Some coordinative development strategies beneficial to the world economy

When “coordination” is regarded as an adjective, it is HARMONIOUS; when acting as a verb, it is COORDINATE, both of them are concerned the relationship between two or more objectives, therefore, whether it is coordinative or not is judged by whether the correlation is getting on well. Virtually, it is concerned with the pursuit and distribution of interests: the balance between efficiency and fairness(LIU Xi-ping, 2009).

2.2.1 Domestic coordinative development strategies:

Domestic coordinative development aims at the balance between efficiency and fairness, which focus on the balance between the human being and nature, between people and people, and between region and region.

2.2.1.1 The coordinative development between the human being and the natural resources: environmental conservation

The natural resource is the fundamental conditions for our existence, so that many efficient strategies of protecting the limit natural resources must be taken into serious consideration.

First of all, public environmental awareness must be encouraged. The environmental training should be added to the plan of education, even as the required course arranged both in elemental education and higher education. Only do the public plant the environmental ideology into our mind, they can catch on the most importance and significance of our mission in protecting our natural environment and then take an act on our own initiative.

Secondly, the government and concerned department must shoulder the responsibility of the law making for environmental conservation. If the requirement is written into the formal document and enforced by the law, the public will obey the rules and actively take it into effect.

Finally, to achieve this goal, the environmental technology should be innovated instead of traditional industrial technology, the main victim for pollution. The government must invest a great fund into the environmental technology.

2.2.1.2 The coordinative development between the governor and the governed: harmonious friendship between the governor and the governed

At first, the governor must behave itself so as to win the governed mass’s trust and faithful. To this goal, the government must eliminate government inefficiency such as wastefulness of government spending and corruption, and build up the public trust of politicians.

In addition, the government must concern what the public concerned and put the people at the first place. In order to realize this goal, the government must solve many difficulties the public encountered such as putting amounts of investments to solve the people’s difficult in medical treatment and set out medical insurance to make sure everyone can get care when being ill; most of all, to keep the stability both in politic and economy is essential to coordinative development in the relationship between the governor and the governed. In a word, the government must be the people, for the people.

Lastly, the government must put more attention into education because education is the fundamental facility for one country. Only by education, can the country get rid of poverty and step on the road of prosperity, in which various styles of education and training can be employed, especially, the life-long education would be involved into the people’s life.

2.2.1.3 The coordinative development of different region's economy: three steps of "efficiency and fairness"

Due to the inherent difference of geographical location and natural resources in different region, the intention to accomplish the common wealth of all the regions are impossible, so as to the first- and-post-development issues may exist naturally in reasonable. Therefore, in the long run, the relationship between efficiency and fairness during the region's development may undergo such three processes in succession: efficiency above fairness, efficiency equal to fairness and efficiency beyond fairness (WU Dian-ting, HE Long-juan, REN Chunyan, 2006).

First step for regional coordinative development: efficiency above fairness is feasible to the stage where the productivity is under the low level. It is the truth recognized by the world that the economic force is the basis of all other things, including the environmental conservation, welfare guarantee system, and the fair rights to share, namely, no efficiency, no fair. In this stage, the efficient enhancer should be taken into primary consideration.

Second step for regional coordinative development: efficiency equal to fairness is proper for the stage where the people have lived in the comfortable wealth, then have the ability to pursuit the fairness, such as advocating fair distribution, deserved rights in upper constructure, and many others issues that improve the people's living standard, etc. During this period, people are able to take the fairness into consideration, it happens to China at this time.

The last step for regional coordinative development: efficiency beyond fairness is appropriate for the stage where all the regions are developed well into rich, so the enough economic wealth enable them to seek fairness and coordinative development of all, so as to achieve sustainable environment for future.

2.2.2 The global coordinative development strategies: three-stages-steps to harmonious relationship

Global coordinative development aims at stability, peace and fairness, which focus on the balance between the human being and nature, between people and people, and between country and country in three steps of harmony.

2.2.2.1 The coordinative development between the human being and the natural resources: Global attention to environmental conservation

In the 21st century, the primary means of environmental conservation is to seek international cooperation and coordination. Given the truly fact that there exist a great difference on the economic development level between different countries, the coordination of environmental issues must be worked out. Under the condition of respecting the sovereignty of developing country and protect its right for development, developed countries should play the leading role in the global environment conservation(WANG Ai-ming, ZHANG Xiao, 2000).

At first, developed countries should have the sense of global environmental conservation in the process of coordinating the global politic and economic affairs, should not extensively destroy the environment in order to scramble for its politic or economic interests in certain region.

Secondly, in the world, the global environmental conservation should be put on the first place of global economic development. Developed countries should not transfer the polluted industries and materials to developing countries, simultaneously should help developing countries upgrade industry, and seek the worldwide coordinative development of economy and environment.

Thirdly, global environmental conservation, to a certain extent, has to sacrifice economic growth and requires a lot of money. For a more reasonable share, developing countries should adjust their economic growth according to the global environment and development requirements while developed countries should shoulder on more obligations in terms of sharing in environmental expenditure,.

Lastly, advanced developed countries should accelerate the communication with developing countries

in facts of environmental conversation and concerned hi-tech.

2.2.2.2 The coordinative functions of the world economic organizations: IMF, WB, WTO, APEC etc.

In the world economic coordination, the economic organizations should play an important role to promote the world economy developing into harmony.

IMF should formulate and implement the effective monetary polices to avoid financial crisis and ensure the global macroeconomic stability.

WB should act out to give an aide to the poor countries in economic construction, and put forward some measures to narrow down the gap between the rich and the poor such as issuing interest-free loan to the under-developed countries in the projects of health and primary education, infrastructure, and innovation with critic supervision

WTO should put the fairness and balance in global trade between the memberships countries into action such us to keep up the balance between freedom and protectionism, to carry out the countermeasures against monopoly, to insist the fair principle in every trade performance.

In addition to above economic organizations, some international economic unities and the regular meeting of the heads of states are very essential to coordinate the world economic coordinative development.

2.2.2.3 The coordinative development between different countries: three steps of harmony

Among those strategies designed for the global coordinative development, the three-steps-plan is reasonable and in favor of all the memberships.

Of the three steps, stability should go first. The global macroeconomic stability is the basis of global economic development. So that global financial market sophistication should be put on the first discussion. It is imperative to make out effective countermeasures against the global financial crisis, in the best efforts of avoiding the crisis as much as possible.

Subsequently, peace and harmony would catch up. Lack of global peace and harmony, we can not reach to the coordinative and common development. Just as John Adams, the second U.S. president quoted from the ancient Greek Aesop's Fables, "United we stand, divided we fall." Cooperation between different countries is the most important way to narrow down the gap between the poor and the rich in strategy of global coordinative development. Only in cooperation can every country take full use of complementary advantages of each other, and then prompt the common improvement of the world.

Following stability and peace, fairness is the ultimate goal. Only on the basis of stability and peace and harmony, can it have the opportunity to pursuit the relative fairness, namely coordinative, even though the absolute fairness may be impossible.

3. CONCLUSION

In conclusion, this paper, taking the global five giants for example, analyzed the imbalance situation of the world economy in a way of doing longitudinal comparison and transverse comparison based on the world competitiveness ranking 2009-2010, and then put forward many detail constructive strategies not only in the macro-view beneficial to the whole world economy but also in the micro-view essential to individual country under different economic level. Different from another article, this paper proposed many feasible strategic ideas for global coordinative development from a new and overall perspective,

provided valuable references for other scholars during their further study on the world economy.

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